

**REPORT OF THE SECRETARY OF AGRICULTURE AND
FORESTRY AND THE SECRETARY OF NATURAL AND
HISTORIC RESOURCES**

**PRELIMINARY REPORT OF THE
CHAPTERS 735 AND 736 (2023)
STAKEHOLDER ADVISORY GROUP**

**TO THE GOVERNOR, THE CHAIRMAN OF THE HOUSE
COMMITTEE ON AGRICULTURE, CHESAPEAKE, AND
NATURAL RESOURCES, AND THE CHAIRMAN OF THE
SENATE COMMITTEE ON AGRICULTURE,
CONSERVATION AND NATURAL RESOURCES**



**COMMONWEALTH OF VIRGINIA
RICHMOND
DECEMBER 2023**

December 1, 2023

The Honorable Glenn Youngkin
Governor of Virginia
1111 East Broad Street
Richmond, Virginia 23219

The Honorable J. Chapman Petersen, Chair
Senate Committee on Agriculture, Conservation and Natural Resources
Post Office Box 1066
Fairfax, Virginia 22038

The Honorable R. Lee Ware, Chair
House Committee on Agriculture, Chesapeake and Natural Resources
Post Office Box 689
Powhatan, Virginia 23139

Dear Governor Youngkin, Senator Petersen, and Delegate Ware:

Section 62.1-44.19:2 of the *Code of Virginia* directs the Secretary of Agriculture and Forestry and the Secretary of Natural and Historic Resources to convene a stakeholder advisory group that reviews “annual progress and make recommendations towards the implementation of the Commonwealth’s agricultural commitments” in the Phase III Chesapeake Bay Watershed Implementation Plan. The second enactment clause of Chapters 735 and 736 of the 2023 Acts of Assembly requires the stakeholder advisory group to submit a preliminary report, with a progress report due on July 1, 2024.

We are pleased to present this preliminary report on behalf of the stakeholder advisory group.

If you have any questions regarding this report or require any additional information, please do not hesitate to contact us.

Respectfully submitted,

Travis A. Voyles
Secretary of Natural and Historic Resources

Matthew J. Lohr
Secretary of Agriculture and Forestry

Preface

This report has been prepared in accordance with the requirements established in the second enactment clause of Chapters 735 and 736 of the 2023 Acts of Assembly. The enactment clause states:

" 2. That the stakeholder advisory group (the Group) created by the Secretary of Agriculture and Forestry and the Secretary of Natural and Historic Resources pursuant to § 62.1-44.119:2 of the Code of Virginia, as created by this act, shall make recommendations to the Governor and the Chairmen of the House Committee on Agriculture, Chesapeake and Natural Resources and the Senate Committee on Agriculture, Conservation and Natural Resources to ensure that all of the Commonwealth's agricultural sector commitments are achieved in accordance with the Chesapeake Bay Total Maximum Daily Load Phase III Watershed Implementation Plan. The Group shall develop a year-to-year timeline for achieving specific metrics for the achievement of the Commonwealth's agricultural sector commitments, including the coverage of a sufficient portion of Chesapeake Bay cropland by nutrient management plans or the installation of a sufficient number of livestock stream exclusion practices, in the Chesapeake Bay Total Maximum Daily Load Phase III Watershed Implementation Plan. Such timeline shall include specific annual percentages for nutrient management plan and stream exclusion adoption to meet the requirements of the Phase III Watershed Implementation Plan. The year-to-year timeline for achieving specific metrics shall be used to determine reasonable progress per § 62.1-44.119:4 of the Code of Virginia, as created by this act. The Group shall include representatives from the Department of Conservation and Recreation, soil and water conservation districts, the Virginia Farm Bureau Federation, the Virginia Agribusiness Council, the Shenandoah Riverkeepers, the Chesapeake Bay Commission, the Chesapeake Bay Foundation, the James River Association, the Virginia Cooperative Extension, the Virginia Cattlemen's Association, the Virginia Association of the Commissioners of the Revenue, and the Virginia Association of Counties. The Group shall also include two legislative members, one each from the Senate and the House of Delegates appointed by the Senate Committee on Rules and the Speaker of the House of Delegates, respectively. Such legislative members shall be members of the Virginia delegation of the Chesapeake Bay Commission. A preliminary report from the Group shall be due on December 1, 2023. The first annual report for the Group shall be due on July 1, 2024, and include the timeline with specific metrics. Thereafter, the progress report shall be due on an annual schedule to be determined by the Group.

The members of the stakeholder advisory group included:

The Honorable Travis A. Voyles,
Secretary of Natural and Historic Resources

Dr. Kendall Tyree, Virginia Association of
Soil and Water Conservation Districts

Mr. Matthew Wells, Department of
Conservation and Recreation

Mr. Wayne Pryor, Virginia Farm Bureau
Federation

The Honorable Matthew J. Lohr,
Secretary of Agriculture and Forestry

Mr. Mark Frondorf, Shenandoah
Riverkeeper

Mr. Jay Ford, Chesapeake Bay Foundation

Dr. Mike Gutter, Virginia Cooperative
Extension

Mr. James Timberlake, II, Virginia
Association of the Commissioners of the
Revenue

The Honorable Emmett W. Hanger, Jr.,
Senate of Virginia

Ms. Lindsay Reames, Virginia
Agribusiness Council

Ms. Adrienne Kotula, Chesapeake Bay
Commission

Mr. Tom Dunlap, James River Association

Mr. Jim Riddell, Virginia Cattlemen's
Association

Mr. Jason Bellows, Virginia Association of
Counties

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Executive Summary

Section 62.1-44.119:2 of the *Code of Virginia* directs the Secretary of Agriculture and Forestry and the Secretary of Natural and Historic Resources to convene a stakeholder advisory group (Group) that reviews “annual progress and make recommendations towards the implementation of the Commonwealth’s agricultural commitments” in the Phase III Chesapeake Bay Watershed Implementation Plan (WIP). The second enactment clause of Chapters 735 and 736 of the 2023 Acts of Assembly requires the stakeholder advisory group to submit a preliminary report.

Overview of meetings held by the Group

The Group met twice this fall – September 28 and October 24. The meetings focused on providing information regarding the Commonwealth’s agricultural commitments in the WIP and the progress the Commonwealth has made towards achieving those commitments; current incentives available to agricultural producers; data that is currently reported to the U.S. Environmental Protection Agency through milestones; and recommended revisions for the next series of two-year agriculture-related programmatic and numeric milestones.

Future work of the Group

Chapters 735 and 736 establish certain deliverables for the Group in addition to reviewing the annual progress made towards achieving the agricultural commitments and providing recommendations about how those commitments might be achieved. The Group is tasked with developing a process to assist producers in developing a nutrient management plan pursuant to § 62.1-44.121 as well as developing a plan to increase the utilization of stream exclusion practices in the areas of the Commonwealth that drain to the Chesapeake Bay watershed. The Group must also develop a timeline for achieving certain metrics that will ensure the Commonwealth meets its agricultural commitments. The Group will focus on the creation of these deliverables over the next six to eight months.

At the second meeting, the Group discussed the importance of obtaining information related to the best management practices agricultural producers voluntarily implement and install without any financial assistance from state or federal sources. The Commonwealth has previously attempted to gain this information through a survey, and while the data obtained made important contributions to annual reporting, the level of survey participation was not as high as was hoped. The use of technology, including satellite imagery, to obtain these voluntarily installed and implemented practices will be further examined and discussed with the Group, partners, and other stakeholders such as the U.S. Environmental Protection Agency. Trying new and varied approaches to reach producers regarding these voluntarily implemented and installed practices will be critical to the Commonwealth’s ongoing success.

Future reports from the Group

Chapters 735 and 736 require the first annual report from the Group to be submitted by July 1, 2024. That report must include the timeline and specific metrics agreed to by the Group.

Additional future reports will be provided on a schedule developed by the Group. The annual reports must include:

“the number of practices completed by river basin in the prior program year and practices needed to complete the agriculture sector nutrient load reductions, including sediment reductions by river basin, identification of priority regions, the number of operators affected within each region, initiatives to enhance progress, an accounting of funding received toward the agricultural commitments, shortfalls remaining, and the consequences of such funding shortfalls. Such progress reports shall also include specific percentages relating to nutrient management plan and stream exclusion adoption compared to the requirements of the Phase III Watershed Implementation Plan.”

1. Stakeholder Advisory Group

Section 62.1-44.19:2 of the *Code of Virginia* directs the Secretary of Agriculture and Forestry and the Secretary of Natural and Historic Resources to convene a stakeholder advisory group that reviews “annual progress and make recommendations towards the implementation of the Commonwealth’s agricultural commitments” in the Phase III Chesapeake Bay Watershed Implementation Plan (WIP).

Group membership

The membership of the Group was established in the second enactment clause of Chapters 735 and 736. The Group includes:

“representatives from the Department of Conservation and Recreation, soil and water conservation districts, the Virginia Farm Bureau Federation, the Virginia Agribusiness Council, the Shenandoah Riverkeepers, the Chesapeake Bay Commission, the Chesapeake Bay Foundation, the James River Association, the Virginia Cooperative Extension, the Virginia Cattlemen's Association, the Virginia Association of the Commissioners of the Revenue, and the Virginia Association of Counties. The Group shall also include two legislative members, one each from the Senate and the House of Delegates...Such legislative members shall be members of the Virginia delegation of the Chesapeake Bay Commission.”

Group charter and mandated deliverables

Chapters 735 and 736 establish certain deliverables for the Group in addition to reviewing the annual progress made towards achieving the agricultural commitments and providing recommendations about how those commitments might be achieved. Section 62.1-44.119:2 of the *Code of Virginia* requires the Group to:

“develop a process to assist any operator of 50 or more acres of Chesapeake Bay cropland in developing a nutrient management plan that meets the requirements of the goals to be achieved by the target date and [to develop] a plan for the stream exclusion program in the Chesapeake Bay watershed.”

The second enactment clause also requires the Group to:

“develop a year-to-year timeline for achieving specific metrics for the achievement of the Commonwealth's agricultural sector commitments, including the coverage of a sufficient portion of Chesapeake Bay cropland by nutrient management plans or the installation of a sufficient number of livestock stream exclusion practices, in the Chesapeake Bay Total Maximum Daily Load Phase III Watershed Implementation Plan. Such timeline shall include specific annual percentages for nutrient management plan and stream exclusion adoption to meet the requirements of the Phase III Watershed Implementation Plan.”

The first annual report from the Group is due on July 1, 2024. That report must include the timeline and specific metrics agreed to by the Group. Additional future reports will be provided on a schedule developed by the Group.

2. Phase III WIP Agricultural Requirements

The Commonwealth committed to achieving significant nutrient and sediment reductions from agricultural operations in its Phase III WIP. Based on the levels of best management practice implementation reported to the U.S. Environmental Protection Agency (EPA) in the 2017 progress reports, the Commonwealth needs to reduce 7.4 million pounds of nitrogen from agricultural sources to reach its WIP III commitment. Similarly, reductions of 520,000 pounds of phosphorus and 207 million pounds of sediment need to be achieved.

Background

Watershed Implementation Plans (WIPs) are roadmaps for how Chesapeake Bay (Bay) states and the District of Columbia, in partnership with federal and local governments, will attain the Bay Total Maximum Daily Load (TMDL). The TMDL is designed to ensure that all pollution control measures needed to fully restore the Bay and its tidal rivers are in place by 2025. Over the past several decades, coordinated efforts by local government agencies, state and federal programs, agricultural producers, landowners, conservation groups, consultants and many others have resulted in significant improvements to Virginia's water quality. The Commonwealth's successes are the result of the collective effort of the public and private sector.

Phase I and Phase II WIPs were developed and submitted to EPA in 2010 and 2012. The Commonwealth's Phase III WIP was completed in August 2019. It details best management practices, along with programmatic actions, necessary to achieve state basin planning targets for nitrogen and phosphorus.

As noted in WIP III, "based on the BMP implementation levels and experiences over the last several years, it is clear that Virginia's nutrient reduction goals for 2025 are ambitious and will require significant effort, sustained funding and increased technical capacity in all sectors." To date, the agriculture sector has made significant progress towards reaching its WIP III commitments, but much work is yet to be done.

Priority practices

There are best management practices that have been historically identified as the most cost-effective practices, based on their ability to provide significant nutrient and sediment reductions at the least cost. For the Commonwealth, these practices include nutrient management, precision agriculture, cover crops, tillage systems, livestock stream exclusion, and riparian buffers.

Within the WIP, there were certain practices that are expected to achieve a majority of the Commonwealth’s needed reductions. These practices are:

Practice	Reduction (percentage)	Description
Cover crops	20.0	These practices establish vegetative cover on agricultural lands to reduce soil erosion from wind and water. Cover crops also reduce the amount of nutrients and sediment that reach surface and ground water.
Nutrient management plans	15.4	Nutrient management plans improve and protect water quality by managing timing, rate and placement of fertilizer, manure and biosolids.
Animal waste systems	13.2	Animal waste systems are designed to manage liquid or solid waste in areas where livestock or poultry are concentrated. These systems help curb surface runoff and erosion and enable producers to recycle waste as fertilizer.
Livestock stream exclusion	11.8	These structural and management practices provide fencing along streams and other water sources, creating buffers that reduce erosion of stream banks from grazing livestock.
Tillage management	7.8	These practices reduce erosion by minimizing the tillage of soils on agricultural lands.

Emphasis on nutrient management and livestock stream exclusion practices

The Commonwealth’s WIP focuses on livestock stream exclusion practices and nutrient management practices as critical keystones for achieving our commitments. During the 2020 General Assembly Session, Chapters 1185 and 1186 established statutory implementation requirements for these practices in the Commonwealth’s Chesapeake Bay watershed if the WIP’s commitments are not satisfied by a deadline between 2027 and 2030.

The Commonwealth’s WIP specifically “seeks 85% implementation of NMPs on all cropland acres in the Chesapeake Bay watershed...these plans will include advanced actions, such as precision application, which further enhance the timing, rate and placement of nutrients.” In support of this commitment, § 62.1-44.121 of the *Code of Virginia* states “[a]ny operator of 50 or more acres of Chesapeake Bay cropland shall maintain and implement an approved nutrient management plan.”

Section 62.1-44.123 of the *Code of Virginia* requires landowners “on which 20 or more bovines are pastured...[to] install and maintain stream exclusion practices sufficient to exclude all such bovines from any perennial streams in the watershed.”

The provisions established in §§ 62.1-44.121 and 62.1-44.123 become effective only if:

“the Secretary of Agriculture and Forestry and the Secretary of Natural and Historic Resources jointly determine that the Commonwealth's commitments in the Chesapeake Bay Total Maximum Daily Load Phase III Watershed Implementation Plan have not been satisfied by a combination of (i) agricultural best management conservation practices, including the coverage of a sufficient portion of Chesapeake Bay cropland by nutrient management plans or the installation of a sufficient number of livestock stream exclusion practices, and (ii) other point or nonpoint source pollution reduction commitments.”

The fifth enactment clause of Chapters 1185 and 1186 required the Virginia Soil and Water Conservation Board to develop a methodology for identifying perennial streams no later than December 31, 2020. The adopted methodology could not require field verification. The resulting perennial stream viewer is now available on the Department of Conservation and Recreation’s website at <https://www.dcr.virginia.gov/soil-and-water/perennial-streams>.

3. Reporting Requirements

The Commonwealth currently provides significant amounts of data to EPA on a routine basis. Information on the numbers and types of agricultural best management practices implemented and installed utilizing state incentives are transmitted from the Department of Conservation and Recreation (Department) to the Department of Environmental Quality (DEQ) for official reporting to EPA. DEQ reports the data for all agencies of the Commonwealth, local governments, and implementation partners to EPA by December 1 of each year. EPA reviews the data submitted and provides comments back to the Commonwealth in the spring regarding the data submitted; by late spring, the practices that have been accepted by EPA, and the associated nutrient and sediment reductions, derived from the Chesapeake Bay modeling system, are finalized. These annual “progress reports” are used to determine the progress the Commonwealth is making towards its WIP commitments.

A visualization of the progress the Commonwealth has made towards its Chesapeake Bay commitments over time is available at <https://public.tableau.com/app/profile/helen.golimowski/viz/VALoadsandBMPsOverTime/EOTLoads?publish=yes>. A search may be conducted by loads or by practices for both the Commonwealth and by major river basin.

Milestones

Two-year milestones are a component of the Chesapeake Bay accountability framework used by the Chesapeake Bay Partnership to further refine commitments in each jurisdiction’s WIPs. The Commonwealth has developed programmatic and numeric two-year milestone deliverables since 2010. Progress in achieving the milestones is reported on each year and detail actions the

Commonwealth has taken. Milestones are designed to be iterative measures, rather than fixed targets.

Programmatic milestones

Programmatic milestones describe actions the Commonwealth will undertake to enhance cooperation between organizations that work with agricultural producers, increase funding for state incentive programs and critical partner organizations, encourage expanding participation in existing programs, and develop new opportunities for agricultural producers. One organization or multiple organizations may be designated as the responsible entity for each of these milestones.

Example milestones from 2022-2023 include the following:

1. Conduct annual Agricultural Needs Assessment and report funding needs to Governor and Virginia General Assembly.
2. Conduct cross-training with partners, agencies and organizations that assist farmers. Continually identify and pursue opportunities to improve coordination.
3. Expand existing agricultural BMP pilot projects to additional areas within the Chesapeake Bay watershed in order to accelerate WIP Implementation.

Numeric milestones

Numeric milestones provide numeric targets for the implementation of certain priority best management practices. Example milestones from 2022-2023 include the following:

Practice	Target Implementation
Cover crops	220,000 acres
Nutrient management core plans	700,000 acres
Soil conservation and water quality plans	300,000 cumulative acres
Poultry litter transport	45,000 tons transported during 2022
Livestock stream exclusion	2,400 newly excluded buffer acres per year which includes 500 acres of forested buffers per year

Recent two-year milestones as well as the annual progress reports for those milestones are available at: <https://www.deq.virginia.gov/our-programs/water/chesapeake-bay/chesapeake-bay-nutrient-sediment-reduction-milestones>.

Verification requirements

In 2017, the Bay Program partnership adopted procedures that required the verification of best management practices for those practices to be considered maintained and functioning after a certain amount of time. For most structural practices, this equates to approximately 10 years. Prior to 2017, the Chesapeake Bay Program allowed the Commonwealth (and the other states with areas that drain to the Chesapeake Bay) to report all practices that there were records of regardless of their age.

This change in procedures led to the “losing” of practices that were previously considered reportable to EPA. In many instances, these practices may be functioning and maintained, and if the practice was verified, it would be able to be reported for reduction credit. The Group recognized the value of these “lost” practices; methods to recapture these functioning practices including voluntary surveys or data-sharing agreements with partners will continue to be discussed by the Group.

4. Current Incentives for Agricultural Producers

Recognizing the financial impact that implementing and installed best management practices has on agricultural producers, the Commonwealth offers a variety of financial assistance opportunities.

Virginia Agricultural Best Management Practices Cost-Share (VACS) Program

The VACS Program (Program) is a water quality improvement program to reduce nutrients, sediment, and bacteria in waterways by implementing the most cost-effective best management practices. The Program is overseen by the Virginia Soil and Water Conservation Board (Board); administered by the Department of Conservation and Recreation (Department); and locally implemented by the Commonwealth’s 47 Soil and Water Conservation Districts (Districts). This year, there are over 60 practices that an agricultural producer could receive cost-share funding for implementing or installing. For FY2024, a producer is eligible to receive up to \$300,000 in cost-share funding.

Funding for the VACS Program

Section 10.1-2128.1 of the *Code of Virginia* requires the Department, in consultation with stakeholders, to determine the annual funding needed for effective District technical assistance and implementation of agricultural best management practices. This assessment is required every two years in conjunction with the development of the biennial budget and is reported in the Chesapeake Bay and Virginia Waters Clean-Up Plan Report submitted by the Secretary of Natural Resources in accordance with §62.1-44.118 of the *Code of Virginia*.

The needs assessment is calculated based on several variables, including: the amount of nutrient reductions required from the agricultural sector for Virginia to meet its Chesapeake Bay water quality goals, the BMPs targeted for implementation to meet those goals, the cost of those BMPs, and the timeline (number of years) remaining to reach the water quality goals. When the amount of money appropriated for the VACS Program at least equals the needs assessment, it is considered to be “fully funded.” The VACS Program has been fully funded since FY2023.

AgBMP Technical Advisory Committee

The Board relies on the advice and experience of an AgBMP Technical Advisory Committee (TAC) for guidance on ways to improve the Program. The TAC is comprised of representatives from state and federal agencies, Soil and Water Conservation Districts, agriculture industry organizations, environmental organizations, and other partners. Over the last five years, hundreds of suggestions have been reviewed and discussed by the TAC. Many of these suggestions are

incorporated into the Program, after receiving approval from the Board. The work of the TAC has led to improved flexibility in the Program and increased options for producers.

Livestock stream exclusion practices

Enhancing the options available to producers for livestock stream exclusion has been a focus for the TAC, Department, and Board. The stream exclusion options have been widely expanded, providing producers a variety of cost-share options including funding for up to 100% of the practice cost based upon buffer width and contract lifespan (i.e., five to 15 years). Wide width buffers greater than or equal to 35 feet also receive a per-acre buffer payment to further incentivize these critical practices. An approved portable fencing practice was developed to address the reluctance of farmers who are leasing land to invest in more permanent infrastructure. The wide variety of options and the buffer payment will likely enhance participation by producers.

Small Herd Initiative

Begun as a pilot program in FY 2021, the Small Herd Initiative provides cost-share funding to small producers that chose to implement one of the VACS Program livestock stream exclusion practices. In FY2023, \$7 million was provided in the state budget for this Initiative, enabling the pilot to be expanded statewide. This Initiative is for producers who meet all of the VACS eligibility requirements and who manage between 20-49 bovines. Producers are eligible to receive up to 100% of the cost of the practice, up to \$50,000.

Whole Farm Approach

In 2019, the Board approved a Whole Farm Approach (WFA) pilot project in one District. The WFA allows a producer to submit a single cost share application for a bundle of agricultural BMPs, including their choice of nutrient management, precision nutrient management, or cover crop practices; this significantly simplifies the process for the producer. The WFA has significantly increased producer participation and provides information on all the practices implemented or installed on the agricultural operation, not just information on the practices funded by WFA. The WFA was slightly expanded in FY 2021 to include the Chesapeake Bay watershed portion of the Eastern Shore. In FY 2023, the WFA was again expanded to include seven Districts: Eastern Shore (Accomack and Northampton Counties), Halifax (Halifax County), Holston River (Washington County), New River (Carroll and Grayson County, City of Galax), Shenandoah Valley (Rockingham County), Tidewater (Gloucester, Mathews, and Middlesex Counties), and Three Rivers (Essex, King and Queen, and King William Counties). This very successful pilot was further expanded in FY 2024 to include an additional 5 Districts. As the WFA has expanded to different geographic regions of the Commonwealth, refinements have been made to more easily allow animal operations to participate as well.

Resource Management Plans

The Commonwealth's Resource Management Plan (RMP) Program promotes the development and implementation of a comprehensive farming plan that uses proven agricultural best management practices to ensure an operation is meeting a high conservation standard. Section 10.1-104.8 of the Code of Virginia establishes the criteria required in an RMP. All RMPs must include a nutrient management plan; RMPs also require livestock stream exclusion for areas with pastureland. For FY2023, there were 643 RMPs covering 144,722 acres across the state.

By participating in the RMP Program and fully implementing an RMP, the producer is considered to be in compliance with any new state nutrient, sediment, and water quality requirements for a period of nine years. Additionally, the producer receives increased opportunities to receive VACS Program cost-share funding for practices included in the RMP and may be eligible for additional state tax credits.

Direct Pay for Nutrient Management Planners

In 2019, the Department established a direct pay initiative for nutrient management planners as an alternative to funding nutrient management plans through the VACS Program. This initiative pays nutrient management planners for the development, revision, and implementation of nutrient management plans, particularly in counties within the Chesapeake Bay watershed where there is the greatest need for plans on cropland. This emphasis on ensuring that nutrient management plans are implemented on cropland will assist the Commonwealth in reaching its water quality goals. Payments are made to the planners on a first-come, first-served basis until available funding has been fully obligated. This is a far simpler process for planners to receive payment than responding to a Request for Applications (RFA).

Dairy Producer Margin Coverage Premium Assistance Program

The Virginia Department of Agriculture and Consumer Services implements the Dairy Producer Margin Coverage Premium Assistance Program (Program) to provide reimbursement to dairy producers for Tier I federal Dairy Margin Coverage premium payments, while also providing a conservation benefit by requiring producers to develop, or initiate the process of developing, a nutrient management plan (NMP). In the Program's first year, 34% of the dairies that applied submitted applications in which NMPs had an effective date within one month of the Program's opening enrollment date. This would indicate some correlation between the Program requirements and motivation to develop or update a resource management plan or NMP.

Poultry litter transport program

During the most recent General Assembly Sessions, funding was provided for nonpoint source reduction projects including the poultry litter transport incentive program. Utilizing the funding provided, the Department expanded the transport program to include Accomack County while maintaining programs in Page and Rockingham counties. As a strategy in WIP III, poultry litter transported from these three key counties needs to increase from 5,000 – 6,000 tons annually to approximately 89,000 tons annually by year 2025, and each year thereafter. For FY2023, 7,349.67 tons of litter were transported out of Accomack County, totaling \$220,490.10 in payments. Out of Rockingham County, 21,549.07 tons of litter were transported, totaling \$523,279.50 in payments. To date there has been no participation in Page County; this may be partially due to a lack of participating haulers in this county. FY2023 contracts requested a total of 64,926 tons of litter be moved; however, a majority of these requests were unable to be filled due to the limited availability of litter for the applicants.

State tax credits for practice implementation

Actions taken during the 2021 Special Session I (Chapters 39 and 40) both increased the tax credit amount a producer is eligible to claim for implementation or installing a practice and created an enhanced tax credit for the implementation of agricultural practices that are part of an approved RMP. The credit allows for a 50% tax credit (up to a \$50,000 cap) per entity for agricultural practices implemented on acreage included in a District-approved RMP. For practices not included in an RMP, the producer is eligible to claim 25% (up to \$25,000) of the total out-of-pocket expense of the implementation and installation of the practice. The Virginia Department of Taxation administers an annual cap on these credits of \$2 million (for all participants).

State tax credits for equipment

Additional actions taken during the 2021 Special Session 1 (Chapter 272) increased the tax credit available to producers who purchased or upgraded conservation tillage and precision application equipment. The tax credit increased from \$3,750 or \$4,000 to \$17,500 for eligible equipment. The VSWCB establishes the parameters for what equipment or upgrades are eligible for the tax credit. Purchasing or upgrading these types of equipment are significant financial investments for producers. The increased amount of tax credits now available recognizes these investments and incentivizes the purchase of equipment that increases soil health and assists with applying the appropriate levels of fertilizer. The producer must have a District-approved conservation plan and be implementing a nutrient management plan to be eligible for this tax credit.

5. Future Work of the Group

This Group will begin meeting again in the spring of 2024 to continue its work on the mandated deliverables. During its first two meetings, the Group identified several challenges or impediments to reaching the Commonwealth's agricultural commitments:

- capturing voluntarily implemented or installed practices that do not utilize state or federal financial assistance
- re-capturing practices that are out of modeled or contract lifespan
- farmers' lack of trust in the government
- making up for years of underfunding the VACS program
- reaching those communities that do not accept government funds for religious reasons
- available capacity of Districts to deploy funding and verify practices

To address these issues, the Group will also continue discussions related to:

- the potential use of satellite imagery and other technologies to determine the implementation rates of cover crops or areas that could be targeted to increase livestock stream exclusion;
- mechanisms to capture and report data related to practices that are voluntarily implemented or installed and practices that are no longer in either modeled or contract lifespan;

- incorporating innovative techniques such as advanced precision agriculture, rapid delisting efforts and in-stream monitoring into the suite of strategies to achieve increased nutrient and sediment reductions; and
- additional ways to market or conduct outreach to producers, such as including flyers in land use taxation bills that direct producers to their local District for information on financial assistance programs.

The first annual report from the Group must be submitted by July 1, 2024. That report must include the timeline and specific metrics agreed to by the Group. Additional future reports will be provided on a schedule developed by the Group. The annual report must include:

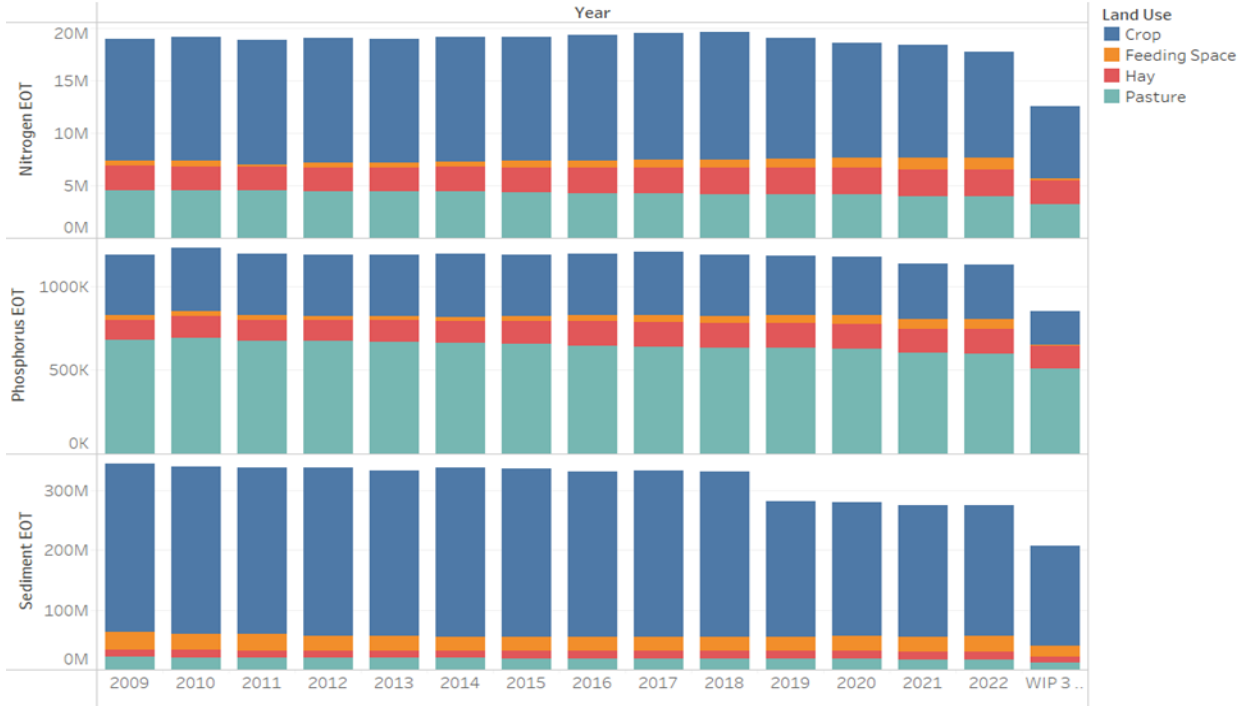
- “the number of practices completed by river basin in the prior program year and practices needed to complete the agriculture sector nutrient load reductions, including sediment reductions by river basin, identification of priority regions, the number of operators affected within each region, initiatives to enhance progress, an accounting of funding received toward the agricultural commitments, shortfalls remaining, and the consequences of such funding shortfalls. Such progress reports shall also include specific percentages relating to nutrient management plan and stream exclusion adoption compared to the requirements of the Phase III Watershed Implementation Plan.”

Recommendations:

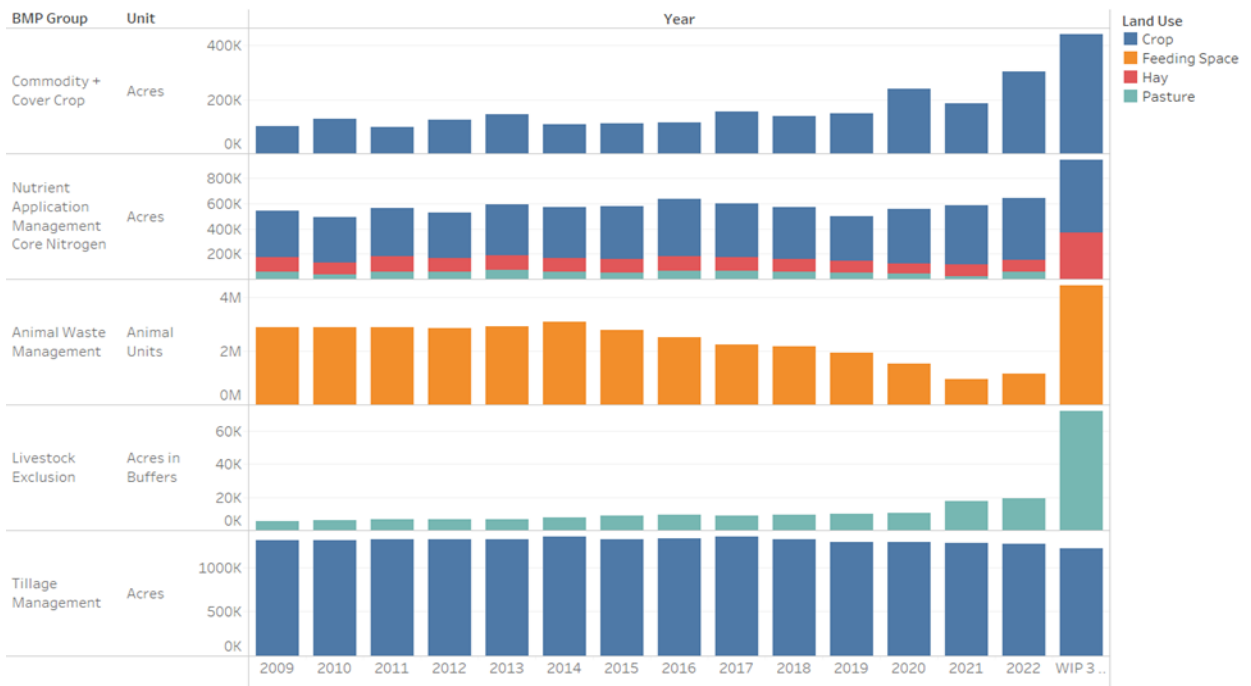
The Group and selected agencies/programs should collaboratively develop a set of cohesive strategies to improve the accuracy, clarity, and transparency of reported BMP data. The strategies should be included in a future report released on a date determined by the Group.

Appendix A: Progress Report for the Commonwealth's Chesapeake Bay Watershed

Virginia State Basins Agricultural Edge of Tide Loads Over Time
All

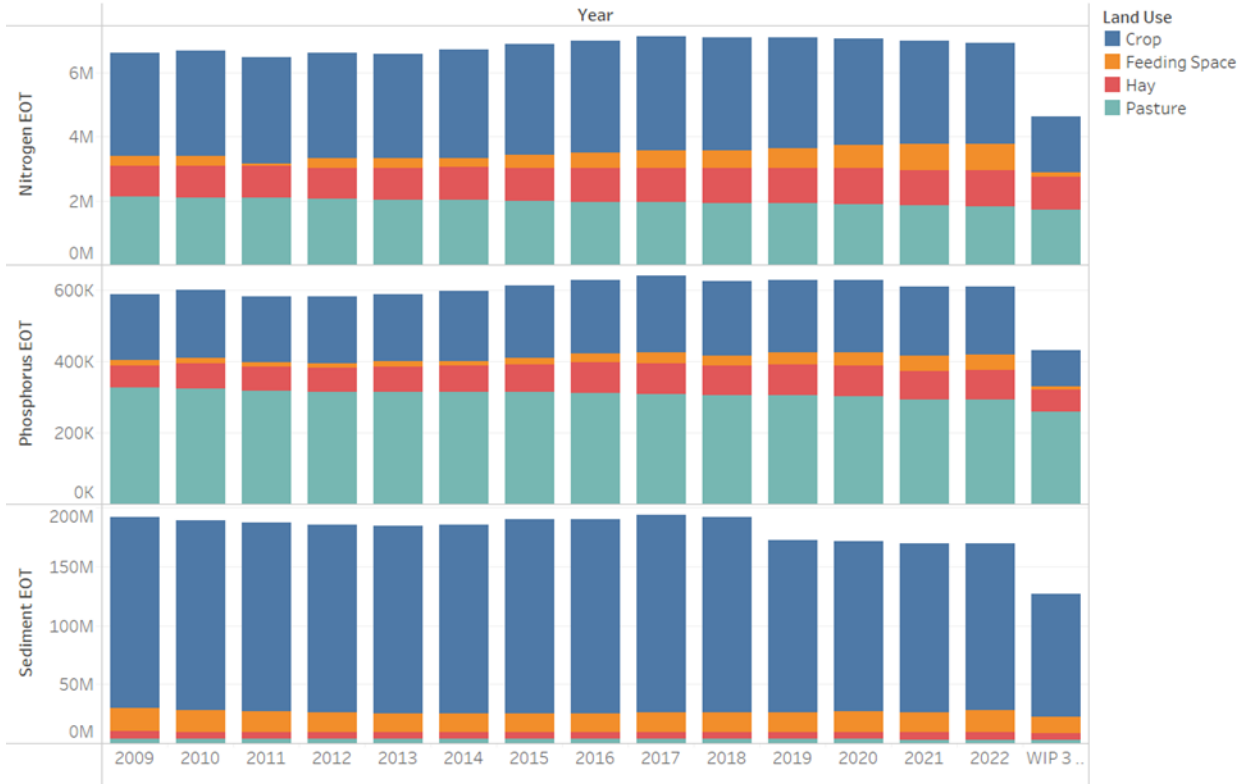


BMPs, All

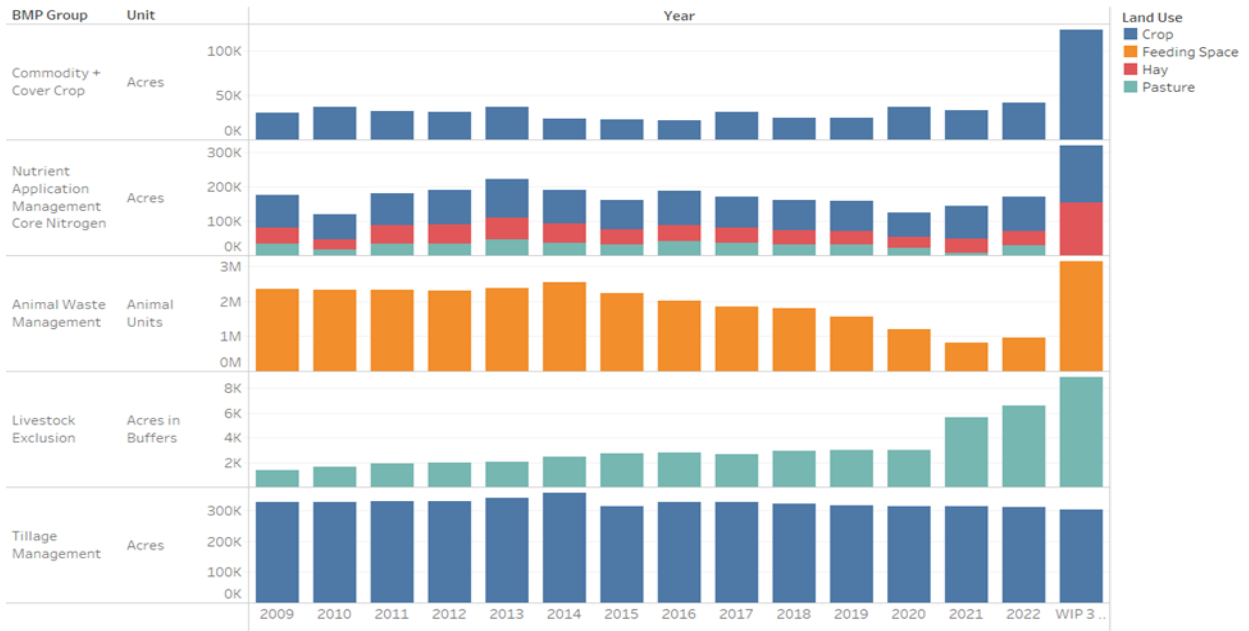


Appendix B: Progress Report for the Shenandoah/Potomac River Basin

Virginia State Basins Agricultural Edge of Tide Loads Over Time
VA Potomac River Basin (CBWS Portion Only)

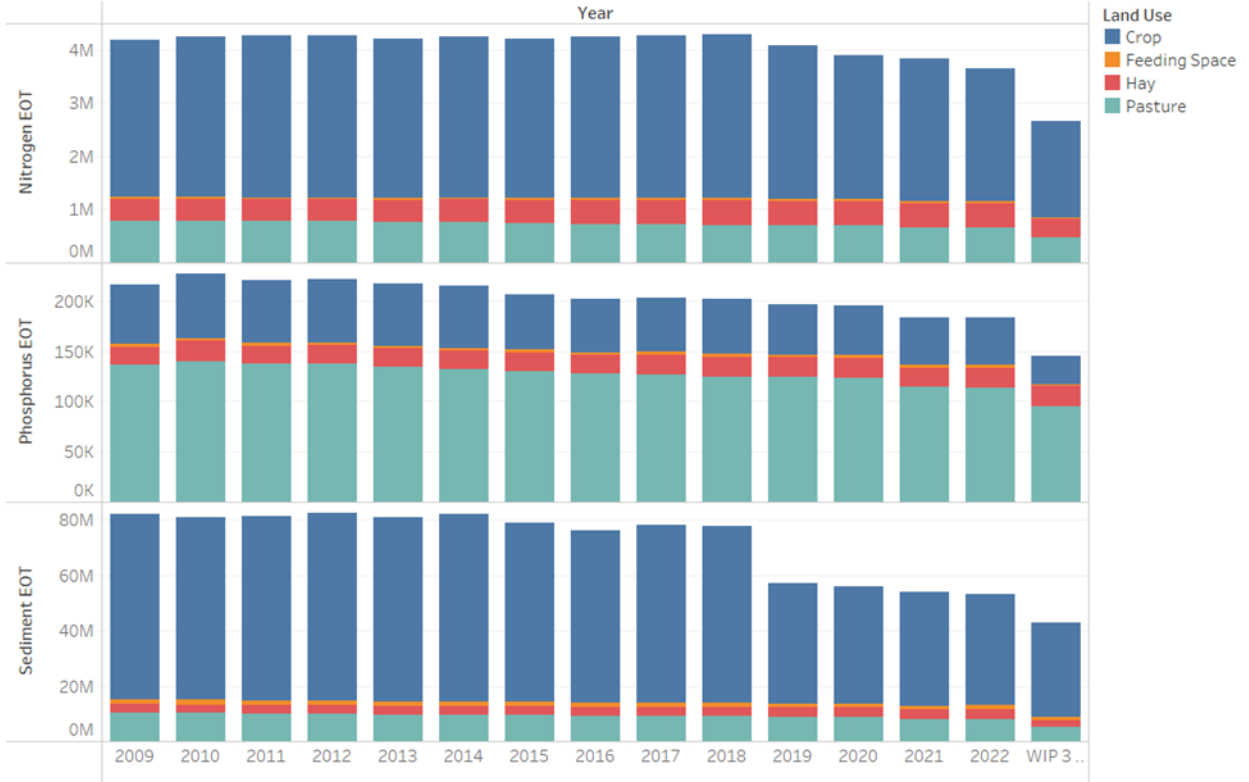


BMPs, VA Potomac River Basin (CBWS Portion Only)

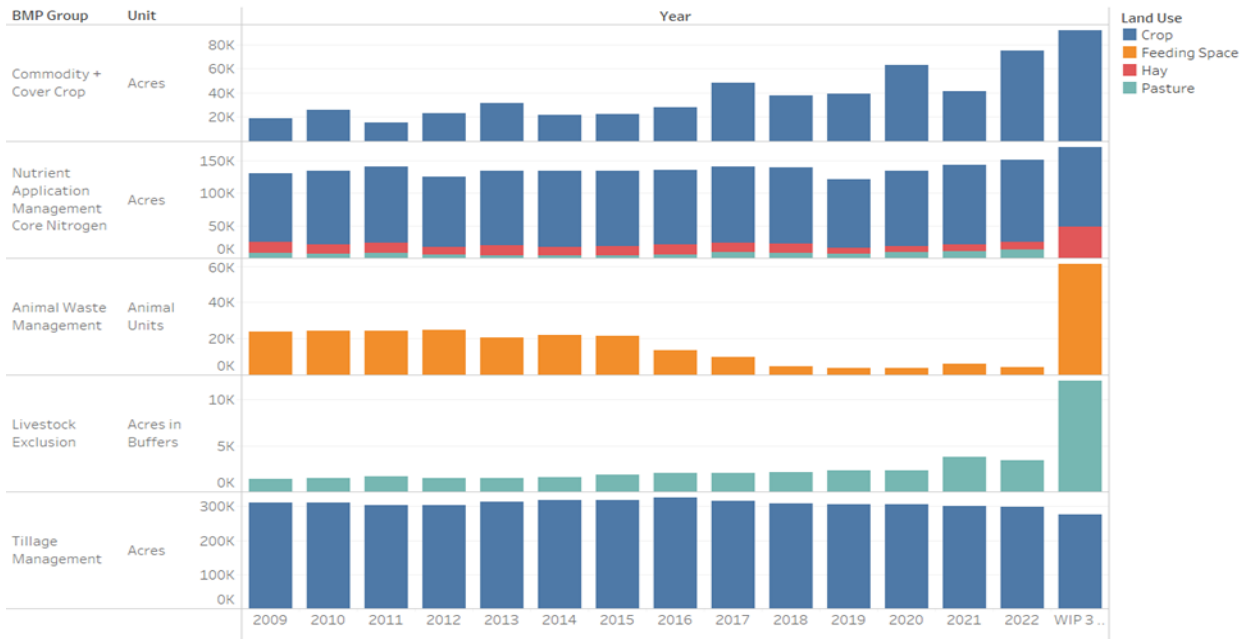


APPENDIX C: Progress Report for the Rappahannock River Basin

Virginia State Basins Agricultural Edge of Tide Loads Over Time
VA Rappahannock River Basin (CBWS Portion Only)

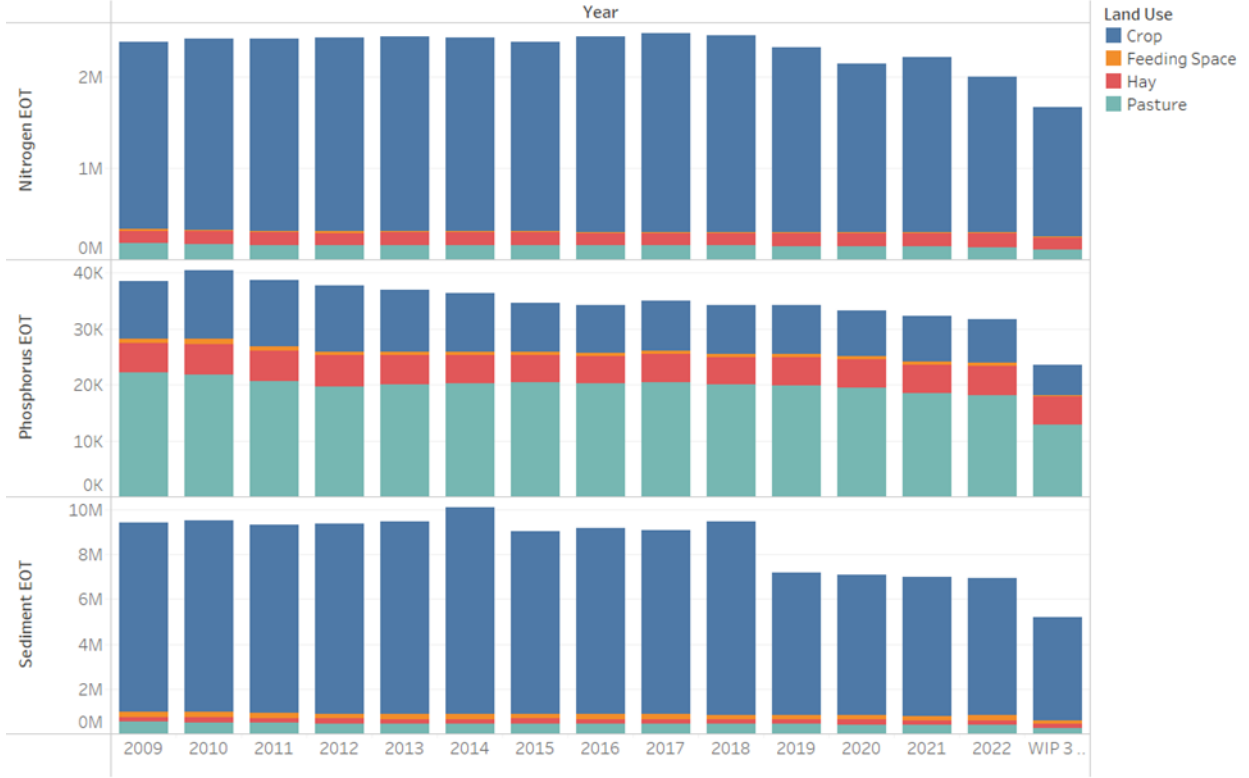


BMPs, VA Rappahannock River Basin (CBWS Portion Only)

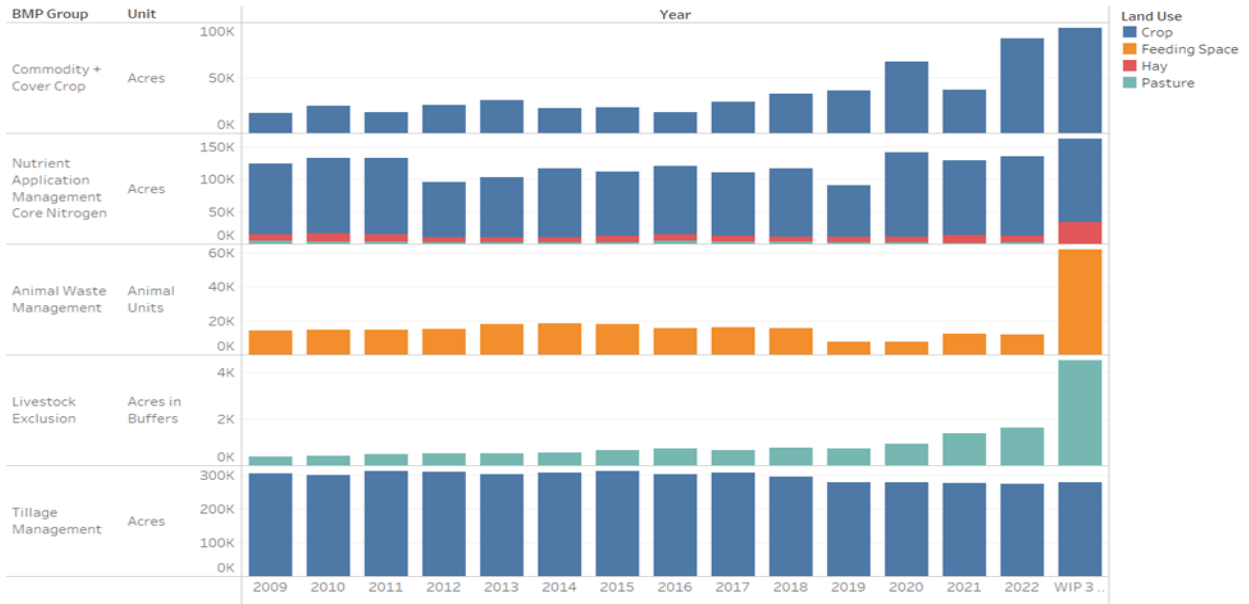


APPENDIX D: Progress Report for the York River Basin

Virginia State Basins Agricultural Edge of Tide Loads Over Time
VA York River Basin (CBWS Portion Only)

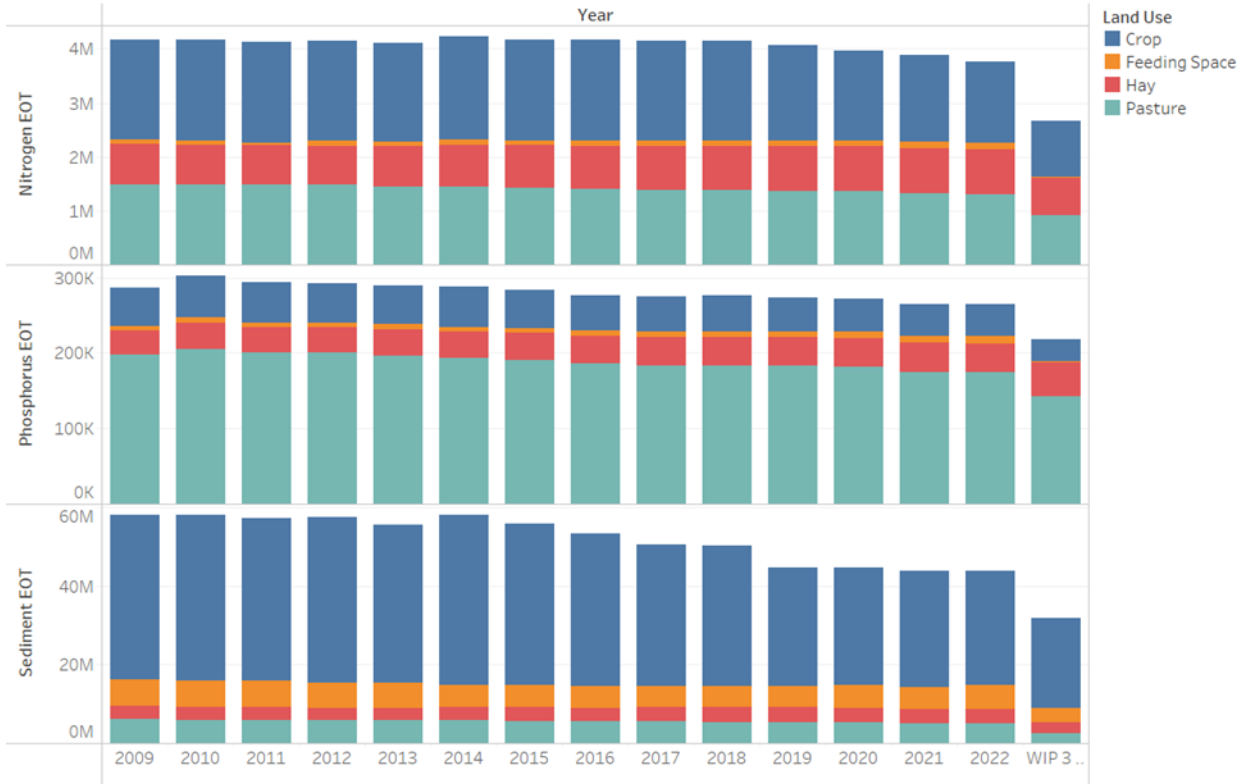


BMPs, VA York River Basin (CBWS Portion Only)

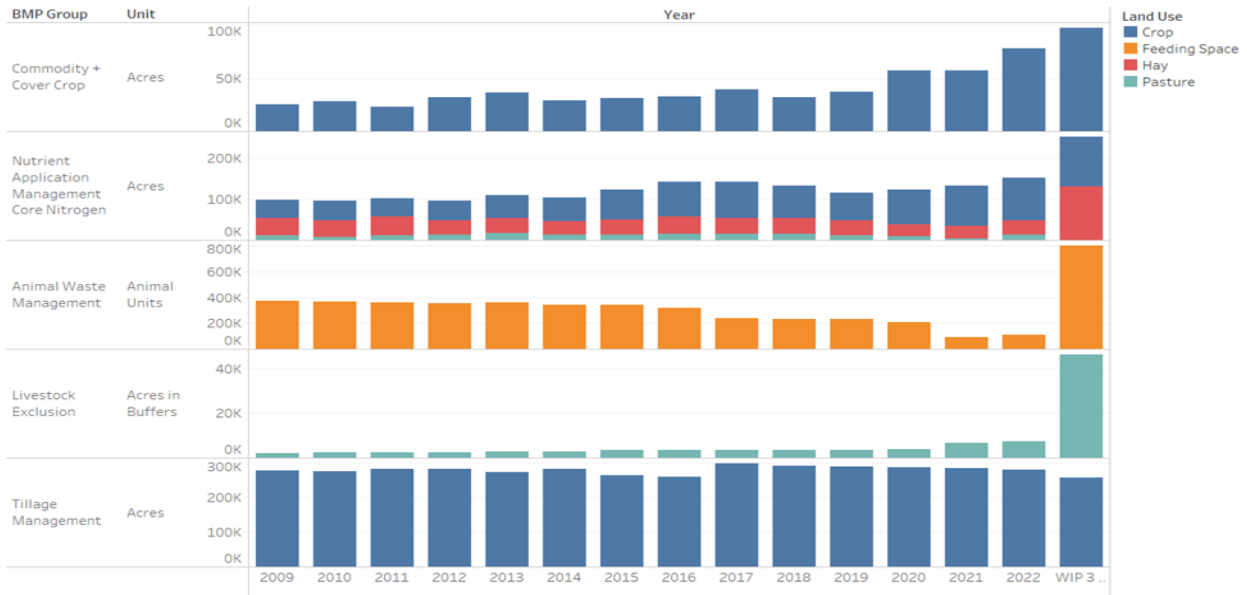


APPENDIX E: Progress Report for the James River Basin

Virginia State Basins Agricultural Edge of Tide Loads Over Time
VA James River Basin (CBWS Portion Only)

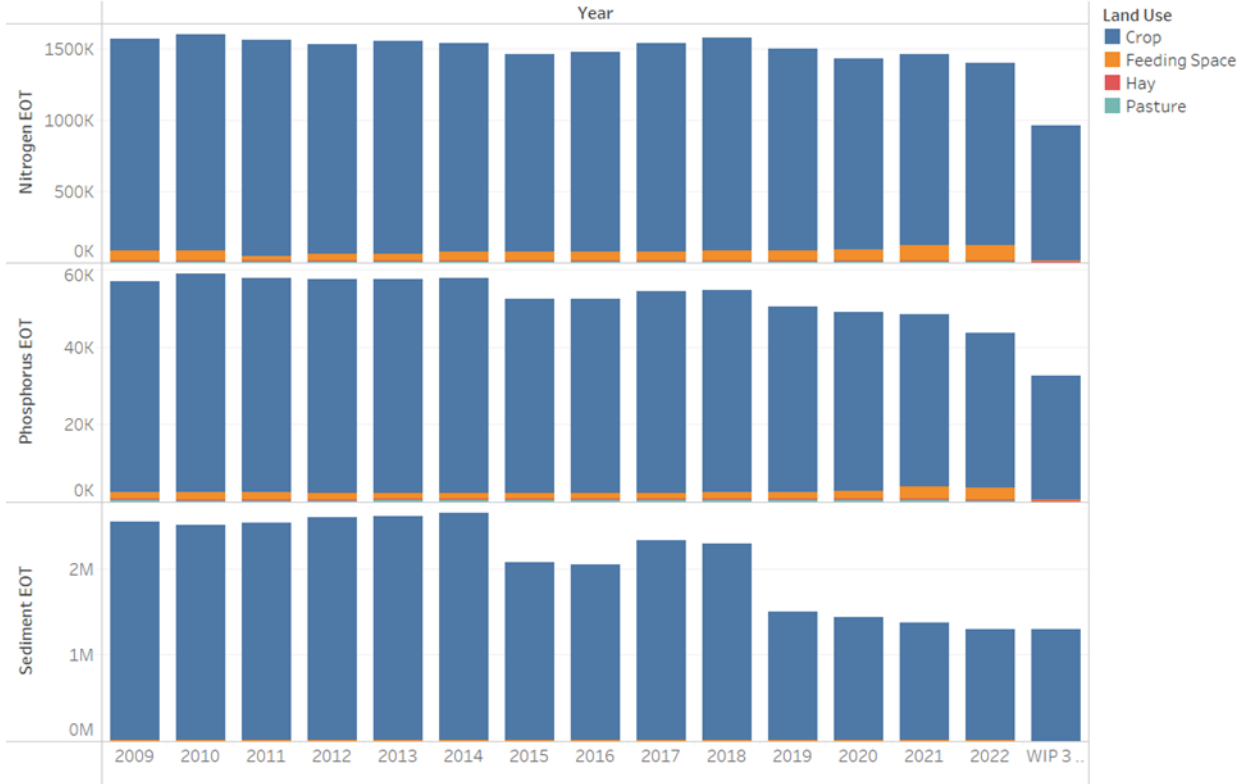


BMPs, VA James River Basin (CBWS Portion Only)



APPENDIX F: Progress Report for the Eastern Shore

Virginia State Basins Agricultural Edge of Tide Loads Over Time
VA Eastern Shore of Chesapeake Bay (CBWS Portion Only)



BMPs, VA Eastern Shore of Chesapeake Bay (CBWS Portion Only)

